

**TOWN OF DAVIE  
WORKSHOP MEETING  
NOVEMBER 5, 2007**

The meeting was called to order at 6:00 p.m. and was followed by the Pledge of Allegiance.

Present at the meeting were Mayor Truex, Vice-Mayor Caletka, and Councilmembers Crowley, Luis and Starkey. Also present were Town Administrator Shimun, Assistant Town Administrator Cohen, and Assistant Town Clerk McDaniel recording the meeting.

Carl Kennedy, representing Calvin, Giordano and Associates Engineering, described the study and stated that current wastewater treatment capacity was 5 million, and they wanted to increase this by 2 million, which should serve the Town's 2012 needs. He explained that the South Florida Water Management District was now requiring alternative water supplies for any future withdrawals and advised that the Town currently withdrew 5.5 million gallons per day from the Biscayne Aquifer. The Town's permit expired in 2010 and their allowance would be reduced to 4 million gallons per day.

Robert Ori, representing Public Resources Management Group, said they must cover the costs to provide service, and be financially viable. He listed the major issues facing the utility system: regulatory obsolescence requiring capacity replacement, the Regional Activity Center (RAC) and the Transit Oriented Corridor (TOC) capacity needs, and the need to increase rates to meet rate covenants for existing bonds. Mr. Ori stated that there was a covenant in the bond resolution that the Town would maintain net revenues of 115% of the annual debt service payments, and indicated that rates must be increased 30% to meet this requirement alone.

Mr. Ori indicated that the rates had not been adjusted for 12 years and displayed a chart describing rates over the years, compared to inflation rates. He proposed a \$73 rate, which was still below the inflationary index. Mr. Ori advised that he had evaluated capital contribution charges, designed a capital financing recovery fees, and designed a financial forecast.

Mr. Ori remarked that many communities were being affected by the need for alternative water resources, and their rates would most likely rise over the next few years as well.

Mr. Ori explained that contribution charges were needed to cover the capital costs of new growth and to reduce long-term borrowing. These charges were paid by new growth only and could be used to fund capital improvement program costs, expansion costs or debt service, but could not be used to pay operating expenses.

Mr. Ori explained that current the rate for an equivalent residential connection [single family residence] was approximately \$2,000, which he recommended increasing to \$5,900. He also recommended instituting a new Capital Financing Recovery Fee, which would recover financing costs and would only be levied against new connections. This fee would accrue monthly over six years, starting at \$19 and decreasing to \$14.06 after six months.

Mr. Ori stated that his firm had performed a five-year review of the Town's rates from 2008 to 2012 and regarding the Town's debt financing, he explained that the Town had \$21 million in outstanding bonds that would mature in 2020. Conventional financing for the water plant with a bond issue of \$33.7 million was being considered. For the wastewater projects, he recommended utilizing the State Revolving Loan Fund program, from which funding was available at 3% interest.

Regarding their pledge to repay their debt, Mr. Ori pointed out that this must be paid by system rate revenues and contribution charges only. If the proposed rate adjustments were adopted, He predicted that they would meet the proposed covenants. Mr. Ori explained that he proposed an increase of 67% in 2008, declining each year to 2011.

Mr. Ori advised Council that the reason for the rate increase was to finance the five-year capital improvement program, and build capacity in advance of the RAC's development. These rates must be in place to meet the additional bonds debts prior to the bonds' issuance. He stated that the Town must

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also maintain the financial sustainability of the utility system, and it currently needed at least a 32% increase to meet their rate covenant.

Mr. Ori also recommended a six-block conservation rate for residential and irrigation service, but not for commercial/institutional service. The proposed water rate for single-family was \$8.80 to \$13.20 per month and the proposed wastewater rates for single-family ranged from \$11 to \$19. The average monthly bill would increase from \$41 to \$73.

Mr. Ori recommended adoption of the contribution charges, the capital financing recovery fee and user fee adjustments, with their proposed price adjustment schedules. He also advised tracking of actual vs. projected revenue collection.

Mayor Truex asked if the RAC and TOC had been included in the study. Mr. Ori replied that they anticipated minor growth here, with limited revenues, but noted this area would pay impact fees. This fee structure should cover new growth in those areas. Mayor Truex questioned if this could be phased in more slowly. Mr. Ori responded that the Town needed the higher amount up front because they needed between 32% and 45% to cover the bond covenant. It was possible that bond repayment could be delayed into 2009, which would allow for a more gradual phasing in.

Councilmember Starkey wanted to see a rate comparison with Ferncrest. Mr. Ori noted that he had limited his comparisons to public utilities, but could provide those rates to Council. Councilmember Starkey requested a chart comparing rates, alternative water supply demands and future project demands. Mr. Ori did not know this information for other communities.

Councilmember Starkey was disappointed that the proposed \$97 million project did not do more for the environment, especially regarding a re-use plan. Mr. Ori indicated that costs to extend re-use to residential property were high. Councilmember Starkey felt the RAC and TOC development should include water re-use infrastructure and planning. Assistant Town Administrator Ken Cohen suggested that this be included as part of the development requirements.

Councilmember Crowley agreed with Councilmember Starkey that the Town must utilize re-use water. He felt this could be used in the rights-of-way and on the golf courses and believed that this was the time to implement this as part of this project. Mr. Ori indicated that since the golf courses were not in the Town's service area, they could utilize inter-local agreements.

Mr. Shimun asked Council to set the public hearing date for December 5, 2007.

Vice-Mayor Caletka asked when the contribution fees would be paid. Mr. Cohen responded that the fees would be paid when the permit was issued. Fees paid for redevelopment would depend on the new water service; if it increased, there would be an additional fee.

Vice-Mayor Caletka agreed with the concerns expressed by Councilmember Starkey and Councilmember Crowley regarding plans for re-use in the RAC and TOC. Mr. Cohen agreed to bring modifications to the December 5th meeting.

Councilmember Starkey pointed out that wherever there was construction taking place, there was an opportunity to lay re-use pipes. She noted that parks were ideal locations for re-use.

Mr. Ori informed Mayor Truex that there was an April 1, 2008 issue date for the bonds, but this would likely be delayed, which would allow some flexibility regarding the phasing in.

Mr. Shimun advised that the University of Florida site was the first choice for location of the plant. Mr. Taylor stated they had two other options as well. Mr. Cohen clarified that the first site would accommodate the Town for approximately 15 years, and a second site would accommodate the Town until 2050. If it was possible, staff would secure both sites now.

Council agreed to schedule a public hearing for December 5, 2007.

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There being no further business to discuss and no objections, the meeting was adjourned at 7:12 p.m.

Approved \_\_\_\_\_

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Mayor/Councilmember

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Town Clerk